

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 5, 2024

HILLMAN®

Hillman Solutions Corp.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-39609
(Commission File No.)

85-2096734
(I.R.S. Employer
Identification No.)

**1280 Kemper Meadows Drive
Cincinnati, Ohio 45240**
(Address of principal executive offices)

Registrant's telephone number, including area code: **(513) 851-4900**

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	HLMN	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On November 5, 2024, Hillman Solutions Corp. (the “Company”) issued a press release, furnished as Exhibit 99.1 and incorporated herein by reference, announcing the Company's selected summary financial results for its thirteen and thirty-nine weeks ended September 28, 2024.

The information provided pursuant to Item 2.02, including the exhibit attached hereto, is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

99.1 [Press Release, dated November 5, 2024, announcing the financial results of Hillman Solutions Corp.](#) for its thirteen and thirty-nine weeks ended September 28, 2024.

99.2 [Supplemental slides provided in connection with the third quarter 2024 earnings call of Hillman Solutions Corp.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 5, 2024

Hillman Solutions Corp.

By: /s/ Robert O. Kraft
Name: Robert O. Kraft
Title: Chief Financial Officer



Hillman Reports Third Quarter 2024 Results

CINCINNATI, November 5, 2024 -- Hillman Solutions Corp. (Nasdaq: HLMN) (the "Company" or "Hillman"), a leading provider of hardware products and merchandising solutions, reported financial results for the thirteen and thirty-nine weeks ended September 28, 2024.

Third Quarter 2024 Highlights (Thirteen weeks ended September 28, 2024)

- Net sales decreased (1.4)% to \$393.3 million compared to \$398.9 million in the prior year quarter
- Net income totaled \$7.4 million, or \$0.04 per diluted share, compared to \$5.1 million, or \$0.03 per diluted share, in the prior year quarter
- Adjusted diluted EPS¹ was \$0.16 per diluted share compared to \$0.11 per diluted share in the prior year quarter
- Adjusted EBITDA¹ totaled \$72.6 million compared to \$66.8 million in the prior year quarter
- Acquired Intex DIY, a leading supplier of wiping cloths, consumable rags and cleaning textiles
- Subsequent to quarter end, Hillman won divisional 2024 Vendor Partner of the Year in Hardlines at Lowe's and won 2024 Partner of the Year in Hardware at Home Depot

Third Quarter YTD 2024 Highlights (Thirty-nine weeks ended September 28, 2024)

- Net sales decreased (0.5)% to \$1,123.0 million compared to \$1,128.7 million in the prior year period
- Net income totaled \$18.5 million, or \$0.09 per diluted share, compared to net income of \$0.5 million, or \$0.00 per diluted share, in the prior year period
- Adjusted diluted EPS¹ was \$0.42 per diluted share compared to \$0.30 per diluted share in the prior year period
- Adjusted EBITDA¹ totaled \$193.2 million compared to \$165.0 million in the prior year period
- Net cash provided by operating activities was \$140.2 million compared to \$171.5 million in the prior year period
- Free Cash Flow¹ totaled \$76.0 million compared to \$119.3 million in the prior year period

1) Denotes Non-GAAP metric. For additional information, including our definitions, use of, and reconciliations of these metrics to the most directly comparable financial measures under GAAP, please see the reconciliations toward the end of the press release.

Balance Sheet and Liquidity at September 28, 2024

- Gross debt was \$758.6 million, compared to \$760.9 million on December 30, 2023, and \$811.1 million on September 30, 2023
- Net debt¹ decreased to \$698.7 million, compared to \$722.4 million on December 30, 2023, and \$771.8 million on September 30, 2023
- Liquidity available totaled \$324.6 million, consisting of \$264.8 million of available borrowing under the revolving credit facility and \$59.8 million of cash and equivalents
- Net debt¹ to trailing twelve month Adjusted EBITDA improved to 2.8x from 3.3x on December 30, 2023, and 3.7x on September 30, 2023

Management Commentary

"Our strong results for the third quarter were driven by efficient operations across the organization while taking great care of our customers," commented Doug Cahill, Chairman, President and CEO of Hillman. "Our 1,100 field sales and service folks continue to regularly manage the aisle for our customers, and our operations team has done a great job shipping our 114,000 SKUs to our customers on time and in full - demonstrated by our year-to-date fill rate of 95 percent."

"During the quarter we acquired Intex DIY, a leading supplier of cleaning rags, cloths, and textiles. This acquisition adds new products to our portfolio, and allows us to sell into new aisles and to new customers. We continue to seek bolt-on acquisitions like Intex DIY, that allow us to leverage our competitive moat to fuel long-term organic growth."

"Subsequent to the quarter end, we won 2024 vendor partner of the year awards at our top two customers, Lowe's and Home Depot. We are proud of this recognition and grateful for the hardworking Hillman team that made this happen. Taking care of our customers has always been the lifeblood of this company and has been the key driver our long-term success. As we look forward, the partnership and trust we have with our customers and our new business pipeline give us confidence that we are well positioned to grow our top and bottom line in 2025."

Full Year 2024 Guidance - Updated

Based on year-to-date performance and improved visibility on the remainder of the year, management is updating its guidance most recently provided on August 6, 2024 with Hillman's second quarter 2024 results.

	Previous FY 2024 Guidance	Updated FY 2024 Guidance
Net Sales	\$1.44 to \$1.48 billion	\$1.455 to \$1.485 billion
Adjusted EBITDA ¹	\$240 to \$250 million	Approx. \$250 million
Free Cash Flow ¹	\$100 to \$120 million	\$100 to \$115 million

Rocky Kraft, Hillman's chief financial officer commented: "We are increasing our top and bottom line guidance to reflect the acquisition of Intex, which closed in August of this year,

¹) Denotes Non-GAAP metric. For additional information, including our definitions, use of, and reconciliations of these metrics to the most directly comparable financial measures under GAAP, please see the reconciliations toward the end of the press release.

and our strong bottom line results. We also lowered the top end of our free cash flow guide to better fall in line with our expectations."

Third Quarter 2024 Results Presentation

Hillman plans to host a conference call and webcast presentation today, November 5, 2024, at 8:30 a.m. Eastern Time to discuss its results. Chairman, President, and Chief Executive Officer Doug Cahill; Chief Operating Officer Jon Michael Adinolfi, and Chief Financial Officer Rocky Kraft will host the results presentation.

Date: Tuesday, November 5, 2024

Time: 8:30 a.m. Eastern Time

Listen-Only Webcast: <https://edge.media-server.com/mmc/p/fs2k9czt/>

A webcast replay will be available approximately one hour after the conclusion of the call using the link above.

Hillman's quarterly presentation and Form 10-Q are expected to be filed with the SEC and posted to its Investor Relations website, <https://ir.hillmangroup.com>, prior to the webcast presentation.

About Hillman Solutions Corp.

Founded in 1964 and headquartered in Cincinnati, Ohio, Hillman Solutions Corp. ("Hillman") and its subsidiaries are leading North American providers of complete hardware solutions, delivered with outstanding customer service to over 46,000 locations. Hillman is celebrating 60 years of service this year, a significant milestone achieved by maintaining strong company values, an innovative culture, and delivering a "small business" experience with "big business" efficiency. Hillman designs innovative product and merchandising solutions for complex categories that deliver an outstanding customer experience to home improvement centers, mass merchants, national and regional hardware stores, pet supply stores, and OEM & industrial customers. For more information on Hillman, visit www.hillman.com.

Forward Looking Statements

All statements made in this press release that are considered to be forward-looking are made in good faith by the Company and are intended to qualify for the safe harbor from liability established by Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. You should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "target," "goal," "may," "will," "could," "should," "believes," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements. These forward-looking statements include, without limitation, the Company's expectations with respect to future performance. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results. Most of these factors are outside the Company's control and are difficult to predict. Factors that may cause such differences include, but are not limited to: (1) unfavorable economic conditions that may affect our and our customers', suppliers' and other business partners' operations,

1) Denotes Non-GAAP metric. For additional information, including our definitions, use of, and reconciliations of these metrics to the most directly comparable financial measures under GAAP, please see the reconciliations toward the end of the press release.

financial condition and cash flows including spending on home renovation or construction projects, inflation, recessions, instability in the financial markets or credit markets; (2) increased supply chain costs, including raw materials, sourcing, transportation and energy; (3) the highly competitive nature of the markets that we serve; (4) the ability to continue to innovate with new products and services; (5) direct and indirect costs associated with the May 2023 ransomware attack, and our receipt of expected insurance receivables associated with that cyber security incident; (6) seasonality; (7) large customer concentration; (8) the ability to recruit and retain qualified employees; (9) the outcome of any legal proceedings that may be instituted against the Company; (10) adverse changes in currency exchange rates; or (11) regulatory changes and potential legislation that could adversely impact financial results. The foregoing list of factors is not exclusive, and readers should also refer to those risks that are included in the Company's filings with the Securities and Exchange Commission ("SEC"), including the Annual Report on Form 10-K filed on February 22, 2024. Given these uncertainties, current or prospective investors are cautioned not to place undue reliance on any such forward looking statements.

Except as required by applicable law, the Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements in this communication to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based.

Contact:

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Vice President of Investor Relations & Treasury
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1) Denotes Non-GAAP metric. For additional information, including our definitions, use of, and reconciliations of these metrics to the most directly comparable financial measures under GAAP, please see the reconciliations toward the end of the press release.

HILLMAN SOLUTIONS CORP.**Condensed Consolidated Statement of Net Income (Loss), GAAP Basis
(dollars in thousands) Unaudited**

	Thirteen Weeks Ended September 28, 2024	Thirteen Weeks Ended September 30, 2023	Thirty-nine Weeks Ended September 28, 2024	Thirty-nine Weeks Ended September 30, 2023
Net sales	\$ 393,296	\$ 398,943	\$ 1,123,033	\$ 1,128,669
Cost of sales (exclusive of depreciation and amortization shown separately below)	203,700	222,644	581,806	643,652
Selling, warehouse, general and administrative expenses	130,261	113,359	369,980	335,876
Depreciation	17,948	14,434	50,583	44,939
Amortization	15,354	15,583	45,857	46,733
Other (income) expense	(881)	(1,819)	3	841
Income from operations	26,914	34,742	74,804	56,628
Interest expense, net	15,108	16,728	44,316	52,880
Refinancing costs	—	—	3,008	—
Income before income taxes	11,806	18,014	27,480	3,748
Income tax expense	4,372	12,957	9,003	3,278
Net income	\$ 7,434	\$ 5,057	\$ 18,477	\$ 470
Basic income per share	\$ 0.04	\$ 0.03	\$ 0.09	\$ 0.00
Weighted average basic shares outstanding	196,297	194,794	195,914	194,662
Diluted income per share	\$ 0.04	\$ 0.03	\$ 0.09	\$ 0.00
Weighted average diluted shares outstanding	199,034	196,575	198,370	195,832

HILLMAN SOLUTIONS CORP.
Condensed Consolidated Balance Sheets
(dollars in thousands)
Unaudited

	September 28, 2024	December 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 59,820	\$ 38,553
Accounts receivable, net of allowances of \$10,365 (\$2,770 - 2023)	129,633	103,482
Inventories, net	419,385	382,710
Other current assets	15,566	23,235
Total current assets	<u>624,404</u>	<u>547,980</u>
Property and equipment, net of accumulated depreciation of \$374,289 (\$333,875 - 2023)	221,769	200,553
Goodwill	829,246	825,042
Other intangibles, net of accumulated amortization of \$516,026 (\$470,791 - 2023)	622,562	655,293
Operating lease right of use assets	85,254	87,479
Other assets	14,332	14,754
Total assets	<u>\$ 2,397,567</u>	<u>\$ 2,331,101</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 165,809	\$ 140,290
Current portion of debt and financing lease liabilities	13,039	9,952
Current portion of operating lease liabilities	16,331	14,407
Accrued expenses:		
Salaries and wages	29,645	22,548
Pricing allowances	6,693	8,145
Income and other taxes	7,700	6,469
Other accrued liabilities	29,895	21,309
Total current liabilities	<u>269,112</u>	<u>223,120</u>
Long-term debt	730,666	731,708
Deferred tax liabilities	130,403	131,552
Operating lease liabilities	75,585	79,994
Other non-current liabilities	10,577	10,198
Total liabilities	<u>\$ 1,216,343</u>	<u>\$ 1,176,572</u>
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Common stock: \$0.0001 par value, 500,000,000 shares authorized, 196,514,508 and 194,913,124 issued and outstanding in 2024 and 2023, respectively	20	20
Additional paid-in capital	1,438,074	1,418,535
Accumulated deficit	(217,729)	(236,206)
Accumulated other comprehensive loss	(39,141)	(27,820)
Total stockholders' equity	<u>1,181,224</u>	<u>1,154,529</u>
Total liabilities and stockholders' equity	<u>\$ 2,397,567</u>	<u>\$ 2,331,101</u>

HILLMAN SOLUTIONS CORP.

Condensed Consolidated Statement of Cash Flows

(dollars in thousands)

Unaudited

	Thirty-nine Weeks Ended September 28, 2024	Thirty-nine Weeks Ended September 30, 2023
Cash flows from operating activities:		
Net income	\$ 18,477	\$ 470
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	96,440	91,672
Deferred income taxes	(1,326)	1,835
Deferred financing and original issue discount amortization	3,807	3,993
Stock-based compensation expense	9,742	9,111
Customer bankruptcy reserve	7,757	—
Loss on debt restructuring	3,008	—
Cash paid to third parties in connection with debt restructuring	(1,554)	—
Loss on disposal of property and equipment	56	—
Change in fair value of contingent consideration	313	2,614
Changes in operating items:		
Accounts receivable, net	(22,906)	(42,883)
Inventories, net	(2,036)	92,833
Other assets	(142)	(5,697)
Accounts payable	17,822	27,220
Other accrued liabilities	10,729	(9,691)
Net cash provided by operating activities	<u>140,187</u>	<u>171,477</u>
Net cash from investing activities		
Acquisition of business, net of cash received	(57,762)	(300)
Capital expenditures	(64,196)	(52,145)
Other investing activities	(211)	(318)
Net cash used for investing activities	<u>(122,169)</u>	<u>(52,763)</u>
Cash flows from financing activities:		
Repayments of senior term loans	(4,255)	(86,383)
Financing fees	(33)	—
Borrowings on revolving credit loans	77,000	172,000
Repayments of revolving credit loans	(77,000)	(197,000)
Principal payments under finance lease obligations	(2,698)	(1,687)
Proceeds from exercise of stock options	8,938	1,600
Payments of contingent consideration	(196)	(1,175)
Other financing activities	(103)	883
Net cash provided by (used for) financing activities	<u>1,653</u>	<u>(111,762)</u>
Effect of exchange rate changes on cash	1,596	1,229
Net increase in cash and cash equivalents	21,267	8,181
Cash and cash equivalents at beginning of period	38,553	31,081
Cash and cash equivalents at end of period	<u>\$ 59,820</u>	<u>\$ 39,262</u>

Reconciliations of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures

The Company uses non-GAAP financial measures to analyze underlying business performance and trends. The Company believes that providing these non-GAAP financial measures enhances the Company's and investors' ability to compare the Company's past financial performance with its current performance. These non-GAAP financial measures are provided as supplemental information to the financial measures presented in this press release that are calculated and presented in accordance with GAAP. Non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP. The Company's definitions of its non-GAAP financial measures may not be comparable to similarly titled measures reported by other companies. Because GAAP financial measures on a forward-looking basis are not accessible, and reconciling information is not available without unreasonable effort, reconciliations to GAAP financial measures are not provided for forward-looking non-GAAP measures. For the same reasons, the Company is unable to address the probable significance of the unavailable information, which could be material to future results.

Non-GAAP financial measures such as consolidated adjusted EBITDA and Adjusted Diluted Earnings per Share (EPS) exclude from the relevant GAAP metrics items that neither relate to the ordinary course of the Company's business, nor reflect the Company's underlying business performance.

Reconciliation of Adjusted EBITDA (Unaudited)

(dollars in thousands)

Adjusted EBITDA is a non-GAAP financial measure and is the primary basis used to measure the operational strength and performance of our businesses as well as to assist in the evaluation of underlying trends in our businesses. This measure eliminates the significant level of noncash depreciation and amortization expense that results from the capital-intensive nature of our businesses and from intangible assets recognized in business combinations. It is also unaffected by our capital and tax structures, as our management excludes these results when evaluating our operating performance. Our management use this financial measure to evaluate our consolidated operating performance and the operating performance of our operating segments as well as to allocate resources and capital to our operating segments. Additionally, we believe that Adjusted EBITDA is useful to investors because it is one of the bases for comparing our operating performance with that of other companies in our industries, although our measure of Adjusted EBITDA may not be directly comparable to similar measures used by other companies.

	Thirteen Weeks Ended September 28, 2024	Thirteen Weeks Ended September 30, 2023	Thirty-nine Weeks Ended September 28, 2024	Thirty-nine Weeks Ended September 30, 2023
Net income	\$ 7,434	\$ 5,057	\$ 18,477	\$ 470
Income tax expense	4,372	12,957	9,003	3,278
Interest expense, net	15,108	16,728	44,316	52,880
Depreciation	17,948	14,434	50,583	44,939
Amortization	15,354	15,583	45,857	46,733
EBITDA	\$ 60,216	\$ 64,759	\$ 168,236	\$ 148,300
Stock compensation expense	3,257	3,069	9,742	9,111
Restructuring and other ⁽¹⁾	1,322	179	3,192	3,027
Litigation expense ⁽²⁾	—	79	—	339
Transaction and integration expense ⁽³⁾	477	289	993	1,599
Change in fair value of contingent consideration	(467)	(1,553)	313	2,614
Refinancing costs ⁽⁴⁾	—	—	3,008	—
Customer bankruptcy reserve ⁽⁵⁾	7,757	—	7,757	—
Total adjusting items	12,346	2,063	25,005	16,690
Adjusted EBITDA	\$ 72,562	\$ 66,822	\$ 193,241	\$ 164,990

(1) Includes consulting and other costs associated with severance related to our distribution center relocations and corporate restructuring activities.

(2) Litigation expense includes legal fees associated with our litigation with Hy-Ko Products Company LLC.

(3) Transaction and integration expense includes professional fees and other costs related to the Koch Industries, Inc and Intex DIY, Inc acquisitions and the CCMP secondary offerings in 2023.

(4) In the first quarter of 2024, we entered into a Repricing Amendment (2024 Repricing Amendment) on our existing Senior Term Loan due July 14, 2028.

(5) Customer bankruptcy reserve includes amounts written off in connection with the True Value Chapter 11 bankruptcy filing on October 14, 2024.

Reconciliation of Adjusted Diluted Earnings Per Share

(in thousands, except per share data)

Unaudited

We define Adjusted Diluted EPS as reported diluted EPS excluding the effect of one-time, non-recurring activity and volatility associated with our income tax expense. The Company believes that Adjusted Diluted EPS provides further insight and comparability in operating performance as it eliminates the effects of certain items that are not comparable from one period to the next. The following is a reconciliation of reported diluted EPS from continuing operations to Adjusted Diluted EPS from continuing operations:

	Thirteen Weeks Ended September 28, 2024	Thirteen Weeks Ended September 30, 2023	Thirty-nine Weeks Ended September 28, 2024	Thirty-nine Weeks Ended September 30, 2023
Reconciliation to Adjusted Net Income				
Net income	\$ 7,434	\$ 5,057	\$ 18,477	\$ 470
Remove adjusting items ⁽¹⁾				
	12,346	2,063	25,005	16,690
Remove amortization expense	15,354	15,583	45,857	46,733
Remove tax benefit on adjusting items and amortization expense ⁽²⁾	(3,096)	(1,055)	(6,876)	(4,907)
Adjusted Net Income	\$ 32,038	\$ 21,648	\$ 82,463	\$ 58,986
Reconciliation to Adjusted Diluted Earnings per Share				
Diluted Earnings per Share	\$ 0.04	\$ 0.03	\$ 0.09	\$ 0.00
Remove adjusting items ⁽¹⁾				
	0.06	0.01	0.13	0.09
Remove amortization expense	0.08	0.08	0.23	0.24
Remove tax benefit on adjusting items and amortization expense ⁽²⁾	(0.02)	(0.01)	(0.03)	(0.03)
Adjusted Diluted Earnings per Share	\$ 0.16	\$ 0.11	\$ 0.42	\$ 0.30
Reconciliation to Adjusted Diluted Shares Outstanding ⁽³⁾				
Diluted Shares, as reported	199,034	196,575	198,370	195,832
Non-GAAP dilution adjustments:				
Dilutive effect of stock options and awards	—	—	—	—
Adjusted Diluted Shares	199,034	196,575	198,370	195,832

Note: Adjusted EPS may not add due to rounding.

- (1) Please refer to "Reconciliation of Adjusted EBITDA" table above for additional information on adjusting items. See "Per share impact of Adjusting Items" table below for the per share impact of each adjustment.
- (2) We have calculated the income tax effect of the non-GAAP adjustments shown above at the applicable statutory rate of 25.1% for the U.S. and 26.2% for Canada except for the following items:
 - a. The tax impact of stock compensation expense was calculated using the statutory rate of 25.1%, excluding certain awards that are non-deductible.
 - b. The tax impact of acquisition and integration expense was calculated using the statutory rate of 25.1%, excluding certain charges that were non-deductible.
 - c. Amortization expense for financial accounting purposes was offset by the tax benefit of deductible amortization expense using the statutory rate of 25.1%.
- (3) Diluted shares on a GAAP basis for thirteen and thirty-nine weeks ended September 28, 2024 include the dilutive impact of 2,737 and 2,456 options and awards, respectively. Diluted shares on a GAAP basis for the thirteen and thirty-nine weeks ended September 30, 2023 include the dilutive impact of 1,781 and 1,170 options and awards, respectively.

Per Share Impact of Adjusting Items

	Thirteen Weeks Ended September 28, 2024	Thirteen Weeks Ended September 30, 2023	Thirty-nine Weeks Ended September 28, 2024	Thirty-nine Weeks Ended September 30, 2023
Stock compensation expense	\$ 0.02	\$ 0.02	\$ 0.05	\$ 0.05
Restructuring and other costs	0.01	0.00	0.02	0.02
Litigation expense	0.00	0.00	0.00	0.01
Transaction and integration expense	0.00	0.00	0.01	0.01
Change in fair value of contingent consideration	0.00	(0.01)	0.00	0.01
Refinancing costs	0.00	0.00	0.02	0.01
Customer bankruptcy reserve	0.04	0.00	0.04	0.01
Total adjusting items	\$ 0.06	\$ 0.01	\$ 0.13	\$ 0.09

Note: Adjusting items may not add due to rounding.

Reconciliation of Net Debt

We define Net Debt as reported gross debt less cash on hand. Net debt is not defined under U.S. GAAP and may not be computed the same as similarly titled measures used by other companies. The Company believes that Net Debt provides further insight and comparability into liquidity and capital structure. The following is the calculation of Net Debt:

	September 28, 2024	December 30, 2023
Revolving loans	\$ —	\$ —
Senior term loan, due 2028	747,597	751,852
Finance leases and other obligations	10,956	9,097
Gross debt	\$ 758,553	\$ 760,949
Less cash	59,820	38,553
Net debt	\$ 698,733	\$ 722,396

Reconciliation of Free Cash Flow

We calculate free cash flow as cash flows from operating activities less capital expenditures. Free cash flow is not defined under U.S. GAAP and may not be computed the same as similarly titled measures used by other companies. We believe free cash flow is an important indicator of how much cash is generated by our business operations and is a measure of incremental cash available to invest in our business and meet our debt obligations.

	Thirty-nine Weeks Ended September 28, 2024	Thirty-nine Weeks Ended September 30, 2023
Net cash provided by operating activities	\$ 140,187	\$ 171,477
Capital expenditures	(64,196)	(52,145)
Free cash flow	\$ 75,991	\$ 119,332

Source: Hillman Solutions Corp.

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HILLMAN

HLMN | Nasdaq Listed

Quarterly Earnings Presentation

Q3 2024

November 5, 2024



Forward Looking Statements

All statements made in this presentation that are considered to be forward-looking are made in good faith by the Company and are intended to qualify for the safe harbor from liability established by Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. You should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "target," "goal," "may," "will," "could," "should," "believes," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements. These forward-looking statements include, without limitation, the Company's expectations with respect to future performance. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results. Most of these factors are outside the Company's control and are difficult to predict. Factors that may cause such differences include, but are not limited to: (1) unfavorable economic conditions that may affect our and our customers', suppliers' and other business partners' operations, financial condition and cash flows including spending on home renovation or construction projects, inflation, recessions, instability in the financial markets or credit markets; (2) increased supply chain costs, including raw materials, sourcing, transportation and energy; (3) the highly competitive nature of the markets that we serve; (4) the ability to continue to innovate with new products and services; (5) direct and indirect costs associated with the May 2023 ransomware attack, and our receipt of expected insurance receivables associated with that cyber security incident; (6) seasonality; (7) large customer concentration; (8) the ability to recruit and retain qualified employees; (9) the outcome of any legal proceedings that may be instituted against the Company; (10) adverse changes in currency exchange rates; or (11) regulatory changes and potential legislation that could adversely impact financial results. The foregoing list of factors is not exclusive, and readers should also refer to those risks that are included in the Company's filings with the Securities and Exchange Commission ("SEC"), including the Annual Report on Form 10-K filed on February 22, 2024. Given these uncertainties, current or prospective investors are cautioned not to place undue reliance on any such forward looking statements.

Except as required by applicable law, the Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements in this communication to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based.

Presentation of Non-GAAP Financial Measures

In addition to the results provided in accordance with U.S. generally accepted accounting principles ("GAAP") throughout this presentation the company has provided non-GAAP financial measures, which present results on a basis adjusted for certain items. The company uses these non-GAAP financial measures for business planning purposes and in measuring its performance relative to that of its competitors. The company believes that these non-GAAP financial measures are useful financial metrics to assess its operating performance from period-to-period by excluding certain items that the company believes are not representative of its core business. These non-GAAP financial measures are not intended to replace, and should not be considered superior to, the presentation of the company's financial results in accordance with GAAP. The use of the non-GAAP financial measures terms may differ from similar measures reported by other companies and may not be comparable to other similarly titled measures. These non-GAAP financial measures are reconciled from the respective measures under GAAP in the appendix below.

The company is not able to provide a reconciliation of the company's non-GAAP financial guidance to the corresponding GAAP measures without unreasonable effort because of the inherent difficulty in forecasting and quantifying certain amounts necessary for such a reconciliation such as certain non-cash, nonrecurring or other items that are included in net income and EBITDA as well as the related tax impacts of these items and asset dispositions / acquisitions and changes in foreign currency exchange rates that are included in cash flow, due to the uncertainty and variability of the nature and amount of these future charges and costs.

Highlights for the 13 Weeks Ended September 28, 2024

- Net sales decreased (1.4)% to \$393.3 million versus Q3 2023
 - Hardware and Protective Solutions ("HPS") increased 0.1%
 - Hardware Solutions decreased (1.6)%
 - Protective Solutions increased +5.9%
 - Robotics and Digital Solutions ("RDS") decreased (5.3)%
 - Canada decreased (6.5)%
- GAAP net income totaled \$7.4 million, or \$0.04 per diluted share, compared to \$5.1 million, or \$0.03 per diluted share, in Q3 2023
- Adjusted Gross Margins improved to 48.2% compared to 44.2% in Q3 2023
- Adjusted EBITDA totaled \$72.6 million compared to \$66.8 million in Q3 2023
- Adjusted EBITDA margins were 18.4% compared to 16.7% in Q3 2023
- Net Debt / Adjusted EBITDA (ttm): 2.8x at quarter end, improved from 3.3x on December 30, 2023, and 3.7x on September 30, 2023

Please see reconciliation tables in the Appendix of this presentation for non-GAAP metrics.

Highlights for the 13 Weeks Ended September 28, 2024

- Continued taking great care of customers:
 - YTD fill rates averaged 95%
- Acquired Intex DIY, a leading supplier of cleaning rags, cloths, and textiles
- Subsequent to quarter end, Hillman won:
 - 2024 Divisional Vendor Partner of the Year in Hardlines at Lowe's
 - 2024 Partner of the Year in Hardware at Home Depot
- Continue to pursue accretive, tuck-in M&A opportunities that leverage the Hillman moat
- Increased FY 2024 top and bottom line guidance and refined free cash flow guide

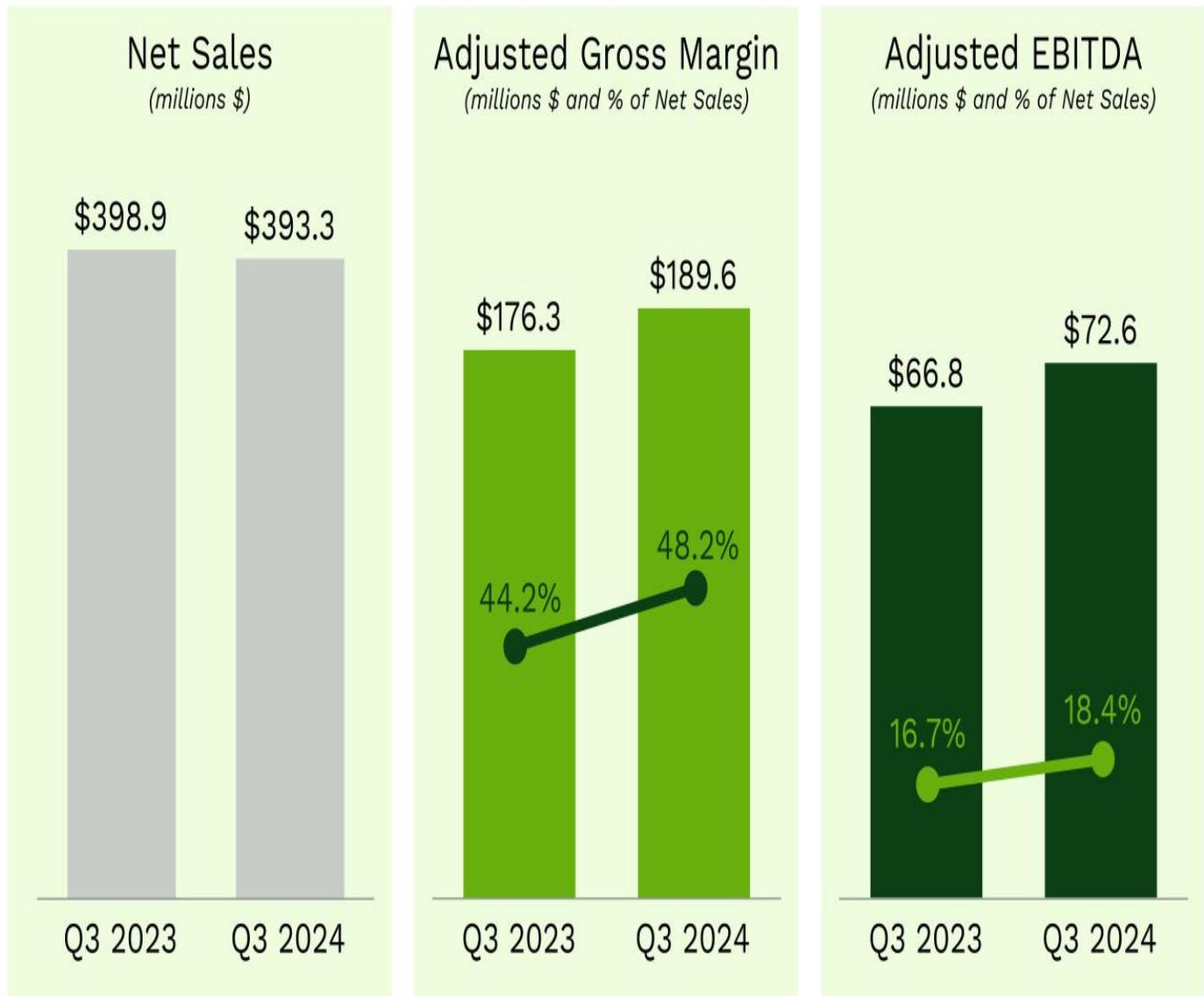
Highlights for the 39 Weeks Ended September 28, 2024

- Net sales decreased (0.5)% to \$1,123.0 million versus the thirty-nine weeks ended September 30, 2023
 - Hardware and Protective Solutions ("HPS") increased 1.9%
 - Hardware Solutions increased +1.8%
 - Protective Solutions increased +2.5%
 - Robotics and Digital Solutions ("RDS") decreased (7.4)%
 - Canada decreased (6.0)%
- GAAP net income totaled \$18.5 million, or \$0.09 per diluted share, compared to GAAP net income of \$0.5 million, or \$0.00 per diluted share during the thirty-nine weeks ended September 30, 2023.
- Adjusted Gross Margins were 48.2% compared to 43.0% in Q3 2023
- Adjusted EBITDA totaled \$193.2 million compared to \$165.0 million in Q3 2023
- Adjusted EBITDA margins were 17.2% compared to 14.6% in Q3 2023
- Free Cash Flow totaled \$76.0 million compared to \$119.3 million in Q3 2023

Please see reconciliation tables in the Appendix of this presentation for non-GAAP metrics.

Quarterly Financial Performance

Top & Bottom Line (vs Q3 2023)



Please see reconciliation of Non-GAAP metrics Adjusted EBITDA and Adjusted Gross Margin in the Appendix of this presentation. Not to scale.

Performance by Segment (Q3)

Hardware & Protective	Q3 2024	Q3 2023	Δ	
<i>Thirteen Weeks Ended</i>	<i>9/28/2024</i>	<i>9/30/2023</i>		<i>Comments</i>
Revenues	\$295,843	\$295,553	0.1%	Driven by Koch and Intex acquisitions and new business
Adjusted EBITDA	\$48,710	\$40,659	19.8%	Margin expansion from price/cost dynamic
Margin (Adj. EBITDA/Net Sales)	16.5%	13.8%	270 bps	

Robotics & Digital	Q3 2024	Q3 2023	Δ	
<i>Thirteen Weeks Ended</i>	<i>9/28/2024</i>	<i>9/30/2023</i>		<i>Comments</i>
Revenues	\$60,131	\$63,468	(5.3)%	Sequential decline narrowing driven by MinuteKey
Adjusted EBITDA	\$19,346	\$21,347	(9.4)%	Decline in revenue decreases leverage
Margin (Adj. EBITDA/Net Sales)	32.2%	33.6%	(140) bps	

Canada	Q3 2024	Q3 2023	Δ	
<i>Thirteen Weeks Ended</i>	<i>9/28/2024</i>	<i>9/30/2023</i>		<i>Comments</i>
Revenues	\$37,322	\$39,922	(6.5)%	Soft market and economy more than offset new wins
Adjusted EBITDA	\$4,506	\$4,816	(6.4)%	
Margin (Adj. EBITDA/Net Sales)	12.1%	12.1%	0 bps	

Consolidated	Q3 2024	Q3 2023	Δ	
<i>Thirteen Weeks Ended</i>	<i>9/28/2024</i>	<i>9/30/2023</i>		
Revenues	\$393,296	\$398,943	(1.4)%	
Adjusted EBITDA	\$72,562	\$66,822	8.6%	
Margin (Adj. EBITDA/Net Sales)	18.4%	16.7%	170 bps	

Please see reconciliation of Adjusted EBITDA to Net Income in the Appendix of this presentation. Figures in Thousands of USD unless otherwise noted.

Performance by Segment (Q3 YTD)

Hardware & Protective	Q3 2024	Q3 2023	Δ	
<i>Thirty-nine weeks ended</i>	<i>9/28/2024</i>	<i>9/30/2023</i>		Comments
Revenues	\$833,847	\$818,198	1.9%	Driven by Koch and Intex acquisitions and new business
Adjusted EBITDA	\$124,611	\$87,385	42.6%	Margin expansion from price/cost dynamic
Margin (Adj. EBITDA/Net Sales)	14.9%	10.7%	420 bps	

Robotics & Digital	Q3 2024	Q3 2023	Δ	
<i>Thirty-nine weeks ended</i>	<i>9/28/2024</i>	<i>9/30/2023</i>		Comments
Revenues	\$173,086	\$186,990	(7.4)%	Soft volumes across RDS
Adjusted EBITDA	\$54,625	\$63,388	(13.8)%	Decline in revenue decreases leverage
Margin (Adj. EBITDA/Net Sales)	31.6%	33.9%	(230) bps	

Canada	Q3 2024	Q3 2023	Δ	
<i>Thirty-nine weeks ended</i>	<i>9/28/2024</i>	<i>9/30/2023</i>		Comments
Revenues	\$116,100	\$123,481	(6.0)%	Soft market and economy in Canada
Adjusted EBITDA	\$14,005	\$14,217	(1.5)%	Margin expansion from operations
Margin (Adj. EBITDA/Net Sales)	12.1%	11.5%	60 bps	

Consolidated	Q3 2024	Q3 2023	Δ	
<i>Thirty-nine weeks ended</i>	<i>9/28/2024</i>	<i>9/30/2023</i>		
Revenues	\$1,123,033	\$1,128,669	(0.5)%	
Adjusted EBITDA	\$193,241	\$164,990	17.1%	
Margin (Adj. EBITDA/Net Sales)	17.2%	14.6%	260 bps	

Please see reconciliation of Adjusted EBITDA to Net Income in the Appendix of this presentation. Figures in Thousands of USD unless otherwise noted.

Revenue by Product Category (Q3)

	Hardware & Protective	Robotics & Digital	Canada	Total Revenue
<i>Thirteen Weeks Ended September 28, 2024</i>				
Fastening and Hardware	\$224,850	\$—	\$33,918	\$258,768
Personal Protective	70,993	—	724	71,717
Keys and Key Accessories	—	48,593	2,674	51,267
Engraving and Resharp	—	11,538	6	11,544
Total Revenue	\$295,843	\$60,131	\$37,322	\$393,296

	Hardware & Protective	Robotics & Digital	Canada	Total Revenue
<i>Thirteen Weeks Ended September 30, 2023</i>				
Fastening and Hardware	\$228,515	\$—	\$35,497	\$264,012
Personal Protective	67,038	—	1,933	68,971
Keys and Key Accessories	—	50,408	2,477	52,885
Engraving and Resharp	—	13,060	15	13,075
Total Revenue	\$295,553	\$63,468	\$39,922	\$398,943

Figures in Thousands of USD unless otherwise noted.

Revenue by Product Category (Q3 YTD)

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	Hardware & Protective	Robotics & Digital	Canada	Total Revenue
<i>Thirty-nine weeks ended September 28, 2024</i>				
Fastening and Hardware	\$670,369	\$—	\$106,109	\$776,478
Personal Protective	163,478	—	3,327	166,805
Keys and Key Accessories	—	137,395	6,634	144,029
Engraving and Resharp	—	35,691	30	35,721
Total Revenue	\$833,847	\$173,086	\$116,100	\$1,123,033

	Hardware & Protective	Robotics & Digital	Canada	Total Revenue
<i>Thirty-nine weeks ended September 30, 2023</i>				
Fastening and Hardware	\$658,629	\$—	\$111,462	\$770,091
Personal Protective	159,569	—	5,474	165,043
Keys and Key Accessories	—	147,976	6,510	154,486
Engraving and Resharp	—	39,014	35	39,049
Total Revenue	\$818,198	\$186,990	\$123,481	\$1,128,669

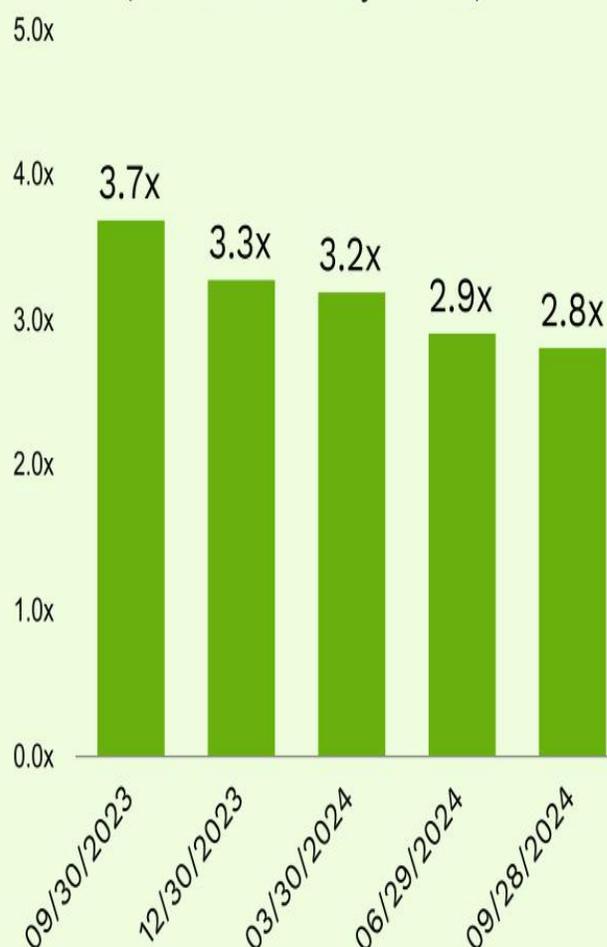
Figures in Thousands of USD unless otherwise noted.

Leverage Continues to Improve

September 28, 2024	
ABL Revolver (\$264.8 million capacity)	\$—
Term Note	\$747.6
Finance Leases and Other Obligations	\$11.0
Total Debt	\$758.6
Cash	\$59.8
Net Debt	\$698.7
TTM Adjusted EBITDA	\$247.6
Net Debt/ TTM Adjusted EBITDA	2.8x

Total Net Leverage

(Net Debt / TTM Adj. EBITDA)



Please see reconciliation of Non-GAAP metrics Adjusted EBITDA and Net Debt in the Appendix of this presentation. Figures in Millions of USD unless otherwise noted.

2024 Full Year Guidance - Update

On November 5, 2024, Hillman updated its guidance most recently provided on August 6, 2024 with Hillman's second quarter 2024 results.

<i>(in millions USD)</i>	Previous FY 2024 Guidance	Full Year 2024 Guidance Range - Updated	FY 2024 Guidance Midpoint - Updated
Revenues	\$1.44 to \$1.48 billion	\$1.455 to \$1.485 billion	\$1.470 billion
Adjusted EBITDA	\$240 to \$250 million	Approx. \$250 million	
Free Cash Flow	\$100 to \$120 million	\$100 to \$115 million	\$107.5 million

Assumptions

- Net Debt / Adj. EBITDA leverage ratio expected to be around 2.7x at the end of 2024
- Interest expense: \$55 - \$65 million
- Cash interest: \$50 - \$60 million
- Cash tax expense: \$5 - \$15 million
- Capital expenditures: \$80 - \$85 million
- Restructuring / Other: \$10 - \$12 million
- Working Capital Benefit: \$0 - \$10 million
- Fully diluted shares outstanding: ~199 million

Please see reconciliation of Non-GAAP metrics Adjusted EBITDA and Free Cash Flow in the Appendix of this presentation.

Executing M&A; Winning New Business; Strong Margin Profile

- Business has 60-year track record of success; proven to be resilient through multiple economic cycles
- Repair, Remodel and Maintenance industry has meaningful long-term tailwinds; expected increase in future home spending as 24 million homes in the U.S. will reach "prime remodeling" years (between 20-39 years old) by 2027¹
- 1,100-member distribution (sales and service) team and direct-to-store fulfillment continue to provide competitive advantages and strengthen competitive moat - drives new business wins
- Cost of goods peaked in May 2023, margins have since expanded and are expected to remain strong
- Executing tuck-in M&A that leverage the Hillman moat in order to fuel long-term growth

Historical Long-term Annual Growth Targets (Organic):

Revenue Growth: +6% & Adj. EBITDA Growth: +10%

Historical Long-term Annual Growth Targets (incl. Acquisitions):

Revenue Growth: +10% & Adj. EBITDA Growth: +15%

¹) John Burns Research and Consulting

Appendix



Investment Highlights



Indispensable partner embedded with winning retailers



Customers love us, trust us and rely on us



Market and innovation leader across multiple categories



Large, predictable, growing and resilient end markets



Significant runway for incremental growth: Organic + M&A



Management team with proven operational and M&A expertise



Strong financial profile with 60-year track record

Hillman: Overview

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Who We Are

- We are a leading North American provider of hardware products and solutions, including;
 - Hardware and home improvement products
 - Protective and job site gear – including work gloves and job site storage
 - Robotic kiosk technologies (“RDS”): Key duplication, engraving & knife sharpening
- Our differentiated service model provides direct to-store shipping, in-store service, and category management solutions
- We have long-standing strategic partnerships with leading retailers across North America:
 - Home Depot, Lowes, Walmart, Tractor Supply, and ACE Hardware
- Founded in 1964; HQ in Cincinnati, Ohio

2023: By The Numbers

~20 billion Fasteners Sold	~245 million Pairs of Work Gloves Sold	~115+ million Keys Duplicated
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~114,000 SKUs Managed	~46,000 Direct Shipping Locations	~31,000 Kiosks in Retail Locations
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#1 Position Across Core Categories*	8.0% Sales CAGR over past 10 years	60-Year Track record of success
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\$1.5 billion 2023 Sales	9.4% CAGR 2018-2023 Adj. EBITDA Growth	14.9% 2023 Adj. EBITDA Margin
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*Management Estimates
Adjusted EBITDA is a non-GAAP measure. Please see Appendix for a reconciliation of Adjusted EBITDA to Net loss

Primary Product Categories

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Hardware Solutions

#1 in Segment

Fasteners & Specialty

HILLMAN

DECK PLUS
LIFETIME GUARANTEE



Picture Hanging

OOK

HILLMAN



Construction Fasteners

POWERPRO



Builders Hardware & Metal Shapes

THE STEELWORKS
BY HILLMAN

HILLMAN



Protective Solutions

#1 in Segment

Work Gear

AWP



McGuire-Nicholas
EST. 1932



Safety / PPE / Cleaning

FIRM GRIP

AWP



Gloves

GREASE MONKEY **GORILLA GRIP**

FIRM GRIP

TRUE GRIP



Robotics & Digital Solutions

#1 in Segment

Key and Fob Duplication

HILLMAN

minute**KEY**



Personalized Tags



QUICK TAG

TagWorks



Knife Sharpening

resharp



Hillman has been selling its top customers for 25 years on average



ACE Hardware

Walmart

TSC TRACTOR SUPPLY CO

Source: Third party industry report.

Adjusted EBITDA Reconciliation

<i>Thirteen weeks ended</i>	September 28, 2024	September 30, 2023
Net income	\$7,434	\$5,057
Income tax expense (benefit)	4,372	12,957
Interest expense, net	15,108	16,728
Depreciation	17,948	14,434
Amortization	15,354	15,583
EBITDA	\$60,216	\$64,759
Stock compensation expense	3,257	3,069
Restructuring and other ⁽¹⁾	1,322	179
Litigation expense ⁽²⁾	—	79
Transaction and integration expense ⁽³⁾	477	289
Change in fair value of contingent consideration	(467)	(1,553)
Customer bankruptcy reserve ⁽⁴⁾	7,757	0
Adjusted EBITDA	\$72,562	\$66,822

Footnotes:

1. Includes consulting and other costs associated with severance related to our distribution center relocations and corporate restructuring activities.
2. Litigation expense includes legal fees associated with our litigation with Hy-Ko Products Company LLC
3. Transaction and integration expense includes professional fees and other costs related to the Koch Industries, Inc and Intex DIY, Inc acquisitions.
4. Customer bankruptcy reserve includes amounts written off in connection with the True Value Chapter 11 bankruptcy filing on October 14, 2024.

Adjusted EBITDA Reconciliation

<i>Thirty-nine weeks ended</i>	September 28, 2024	September 30, 2023
Net income (loss)	\$18,477	\$470
Income tax benefit	9,003	3,278
Interest expense, net	44,316	52,880
Depreciation	50,583	44,939
Amortization	45,857	46,733
EBITDA	\$168,236	\$148,300
Stock compensation expense	9,742	9,111
Restructuring and other ⁽¹⁾	3,192	3,027
Litigation expense ⁽²⁾	—	339
Transaction and integration expense ⁽³⁾	993	1,599
Change in fair value of contingent consideration	313	2,614
Refinancing costs ⁽⁴⁾	3,008	—
Customer bankruptcy reserve ⁽⁵⁾	7,757	—
Adjusted EBITDA	\$193,241	\$164,990

Footnotes:

1. Includes consulting and other costs associated with severance related to our distribution center relocations and corporate restructuring activities.
2. Litigation expense includes legal fees associated with our litigation with Hy-Ko Products Company LLC
3. Transaction and integration expense includes professional fees and other costs related to the Koch Industries, Inc and Intex DIY, Inc acquisitions and the CCMP secondary offerings in 2023.
4. In the first quarter of 2024, we entered into a Repricing Amendment on our existing Senior Term Loan due July 14, 2028.
5. Customer bankruptcy reserve includes amounts written off in connection with the True Value Chapter 11 bankruptcy filing on October 14, 2024.

Adjusted Gross Margin Reconciliation

<i>Thirteen weeks ended</i>	September 28, 2024	September 30, 2023
Net Sales	\$393,296	\$398,943
Cost of sales (exclusive of depreciation and amortization)	203,700	222,644
Gross margin exclusive of depreciation and amortization	\$189,596	\$176,299
Gross margin exclusive of depreciation and amortization %	48.2 %	44.2 %

<i>Thirty-nine weeks ended</i>	September 28, 2024	September 30, 2023
Net Sales	\$1,123,033	\$1,128,669
Cost of sales (exclusive of depreciation and amortization)	581,806	643,652
Gross margin exclusive of depreciation and amortization	\$541,227	\$485,017
Gross margin exclusive of depreciation and amortization %	48.2 %	43.0 %

Adjusted SG&A Expense Reconciliation

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<i>Thirteen weeks ended</i>	September 28, 2024	September 30, 2023
Selling, general and administrative expenses	\$130,261	\$113,359
SG&A Adjusting Items ⁽¹⁾:		
Stock compensation expense	3,257	3,069
Restructuring	1,322	179
Litigation expense	—	79
Acquisition and integration expense	477	289
Customer bankruptcy reserve	7,757	—
Adjusted SG&A	\$117,448	\$109,743
Adjusted SG&A as a % of Net Sales	29.9 %	27.5 %

<i>Thirty-nine weeks ended</i>	September 28, 2024	September 30, 2023
Selling, general and administrative expenses	\$369,980	\$335,876
SG&A Adjusting Items ⁽¹⁾:		
Stock compensation expense	9,742	9,111
Restructuring	3,192	3,027
Litigation expense	—	339
Acquisition and integration expense	993	1,599
Customer bankruptcy reserve	7,757	—
Adjusted SG&A	\$348,296	\$321,800
Adjusted SG&A as a % of Net Sales	31.0 %	28.5 %

1. See adjusted EBITDA Reconciliation for details of adjusting items

Net Debt & Free Cash Flow Reconciliations

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Reconciliation of Net Debt

<i>As of</i>	September 28, 2024	December 30, 2023
Revolving loans	\$0	\$0
Senior term loan	747,597	751,852
Finance leases and other obligations	10,956	9,097
Gross debt	\$758,553	\$760,949
Less cash	59,820	38,553
Net debt	\$698,733	\$722,396

Reconciliation of Free Cash Flow

<i>Thirty-nine Weeks Ended</i>	September 28, 2024	September 30, 2023
Net cash provided by operating activities	\$140,187	\$171,477
Capital expenditures	(64,196)	(52,145)
Free cash flow	\$75,991	\$119,332

Segment Adjusted EBITDA Reconciliations

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<i>Thirteen weeks ended September 28, 2024</i>	HPS	RDS	Canada	Consolidated
Operating income	\$17,210	\$7,342	\$2,362	\$26,914
Depreciation & amortization	20,673	11,472	1,157	33,302
Stock compensation expense	2,850	333	74	3,257
Restructuring and other	19	390	913	1,322
Transaction and integration expense	463	14	—	477
Change in fair value of contingent consideration	—	(467)	—	(467)
Customer bankruptcy reserve	7,495	262	—	7,757
Adjusted EBITDA	\$48,710	\$19,346	\$4,506	\$72,562

<i>Thirteen weeks ended September 30, 2023</i>	HPS	RDS	Canada	Consolidated
Operating income	\$18,556	\$12,772	\$3,414	\$34,742
Depreciation & amortization	19,149	9,674	1,194	30,017
Stock compensation expense	2,536	325	208	3,069
Restructuring	163	16	—	179
Litigation expense	—	79	—	79
Transaction and integration expense	255	34	—	289
Change in fair value of contingent consideration	—	(1,553)	—	(1,553)
Adjusted EBITDA	\$40,659	\$21,347	\$4,816	\$66,822

Segment Adjusted EBITDA Reconciliations

HILLMAN
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<i>Thirty-nine weeks ended September 28, 2024</i>	HPS	RDS	Canada	Consolidated
Operating income	\$46,501	\$20,409	\$7,894	\$74,804
Depreciation & amortization	60,786	31,914	3,740	96,440
Stock compensation expense	8,239	946	557	9,742
Restructuring and other	631	747	1,814	3,192
Transaction and integration expense	959	34	—	993
Change in fair value of contingent consideration	—	313	—	313
Customer bankruptcy reserve	7,495	262	—	7,757
Adjusted EBITDA	\$124,611	\$54,625	\$14,005	\$193,241

<i>Thirty-nine weeks ended September 30, 2023</i>	HPS	RDS	Canada	Consolidated
Operating income	\$19,087	\$27,608	\$9,933	\$56,628
Depreciation & amortization	56,720	31,349	3,603	91,672
Stock compensation expense	7,606	935	570	9,111
Restructuring	2,548	368	111	3,027
Litigation expense	—	339	—	339
Transaction and integration expense	1,424	175	—	1,599
Change in fair value of contingent consideration	—	2,614	—	2,614
Adjusted EBITDA	\$87,385	\$63,388	\$14,217	\$164,990

